

## **PART 1**

### **HOW TO GET STARTED**

#### **INTRODUCTION**

The DoD is ready to do business, on a competitive basis, with competent firms that can supply the products or services it needs. Defense purchasing activities are particularly interested in establishing contacts with small business firms, small disadvantaged business firms, women-owned small business firms, and firms in labor surplus areas.

Interested firms must help themselves by learning how DoD conducts its business, and by seeking out those military purchasing offices that buy the products and services they can supply.

Actually, there are few differences between your commercial business and selling your products or services to the various DoD organizations. Basic principles followed in selling within the commercial business field generally apply in dealing with DoD. Two principles especially appropriate in establishing and keeping a working relationship with military purchasing activities are:

- o Learn both the needs and the buying practices of your potential customer.
- o Follow leads on where buying is done, and seek sales opportunities throughout DoD.

This handbook is intended to provide firms that have little or no experience in selling to DoD with basic information about how DoD conducts its business, and with specific information for locating sales opportunities.

#### **DoD CONTRACTING PRINCIPLES AND PRACTICES**

The basic contracting rules for all Federal Government agencies are set forth in the Federal Acquisition Regulation (FAR). Additional rules unique to DoD are set forth in the DoD FAR Supplement (**DFARS**). These publications can be reviewed at any DoD purchasing or contract administration office, at any Small Business Administration (**SBA**) office, and at many local libraries (where they are known as Chapters 1 and 2 of Title 48 of the Code of Federal Regulations). If you need to own copies, ordering information for them (and for all other publications mentioned in this handbook) is set forth in Appendix A. To be a successful Defense contractor, you must have a working knowledge of both of these regulations.

#### **How DoD Buys**

Almost 98 percent of DoD's purchase transactions are for \$25,000 or less. Although they account for less than 20 percent of DoD's procurement dollars, they total in the billions of dollars each year. Most of these millions of actions are accomplished using simplified small purchase

procedures. Oral solicitations or very brief written requests for quotations are issued to prospective suppliers in the local purchasing area. The successful quoter is issued a purchase order, and compliance with the order (i.e., delivering the product or performing the service) constitutes contract acceptance and fulfillment.

Purchases over \$25,000 are made by sealed bidding (formerly called formal advertising), by competitive proposals, or (in unusual circumstances only) by other-than-competitive procedures. Sealed bids are used when the Government knows exactly what it needs, while competitive proposals allow flexibility in defining the exact requirement or the terms and conditions of the procurement.

Procurement by sealed bidding begins with the issuance of an invitation for bids (IFB) containing all the information bidders need to respond. The IFB states the needs of the purchasing activity and defines the work in sufficient detail to permit all bidders to compete on the same basis. It also identifies all factors to be considered in evaluating the bids. A standard form is provided on which bids are submitted, and a specific time is set for bid opening. The opening is held in public (you can attend), and the contract is awarded to that responsible bidder whose bid offers the lowest cost to the Government.

When sealed bids are not appropriate, competitive proposals are solicited. The purchasing office issues a request for proposals (RFP). After reviewing the proposals received, the contracting officer ordinarily will negotiate with those suppliers that have submitted acceptable proposals, seeking the most advantageous contract for the Government.

## **Types of Contracts**

DoD generally uses fixed-price contracts to acquire products and services. Cost-reimbursement contracts are used only when fixed-price contracts are not feasible. Most research and development (R&D) contracts are of the cost-reimbursement type. Fees under cost-reimbursement contracts are either fixed at the outset or subject to adjustment in accordance with a formula established in the contract. When unusual circumstances exist, a letter of intent may be used to authorize a contractor to start work before the final contract is executed.

## **Special Help for Small Businesses**

It is national policy that a fair proportion of the products and services used by DoD shall be purchased from small businesses and small disadvantaged businesses. Certain factors limit DoD's ability to contract with small business. Vast amounts of facilities and working capital are required to produce major weapons systems. In many cases, even the resources of large business can be strained by performance and cost risks. To offset these factors, DoD has implemented a major program to ensure the award of a fair proportion of its contracts to small businesses. This program includes special personnel to assist small businesses, and the following purchasing procedures:

- o Permitting offers on less than the total requirements for terms and allowing the maximum time possible for preparation of offers.

- o Setting aside, for award to small business only, any procurements where there is a reasonable expectation that at least two responsible small businesses will offer the products of small business concerns at reasonable prices. Most purchases under \$25,000 and construction contracts under small business. Once a product or service has been successfully purchased under a small business set-aside, future purchases are usually also set aside.

- o Setting aside a portion of a procurement that would otherwise be too large for a total small business set-aside. Any business, large or small can compete for the non set-aside portion. Small business is then given the opportunity to receive a contract for the set-aside **portion** at the price of the non set-aside portion.

- o Having the SBA review a small business' capability in the event the contracting officer determines it to be nonresponsible (see Preaward Determination of Responsibility below).

- o Encouraging large DoD contractors to subcontract with small businesses and women-owned small businesses.

In addition to helping all small business firms, DoD provides special emphasis to increase participation by small disadvantaged business firms. The main features areas follows:

- o Seeking small disadvantaged business firms to supply the needed products and services, and setting aside for small disadvantaged business firms those solicitations where DoD can expect to obtain satisfactory performance, adequate competition, and a reasonable price from among the respondents.

- o Contracting directly with the SBA, which will then subcontract the work to small businesses certified by the SBA as being socially and economically disadvantaged. DoD and SBA identify products and services that can be provided by small disadvantaged businesses that have an SBA-approved business development plan. The FAR (Subpart 19.8) provides detailed information on this procedure.

- o Encouraging special attention to small disadvantaged business firm by DoD's large prime contractors in their programs of subcontracting.

### **Preaward Determination of Responsibility**

DoD awards contracts only to contractors found responsible. The purchasing activity must evaluate the offerors in order to make a positive finding as to responsibility.

Getting accepted as a “responsible” contractor is not like getting on a qualified products list. You can’t arrange for a survey at your convenience and wait until you are approved before submitting an offer. The determination of responsibility is done only in connection with an offer when you are the apparent low offeror. To be found responsible, you must be able to demonstrate that you (1) have, or are able to obtain, adequate financial resources; (2) are able to comply with the delivery requirements; (3) have a satisfactory record of performance; (4) have a satisfactory record of integrity and business ethics; (5) have, or are able to obtain, the necessary

organization, experience, accounting and operational controls, and technical skills; (6) have, or are able to obtain, the necessary production, construction, and technical equipment and facilities; and (7) are otherwise qualified and eligible to receive an award under applicable laws and regulations.

Sometimes a contracting officer proposes to reject the low offer of a small business firm because of doubt as to whether the firm is sufficiently responsible to perform the contract. In that event, the case must be referred to the SBA. If the SBA determines that the small business firm is responsible, it issues a Certificate of Competency (CoC) to the contracting officer, who then must award the contract to the small business firm.

## **THE DoD SYSTEM OF SPECIFICATIONS AND STANDARDS**

DoD has exact specifications for most of the products and services it buys repeatedly. You should be familiar with the types of specifications, and you should know how to obtain them. Specifications are comprehensive descriptions of the technical requirements for material, equipment, and services. In addition to its specifications, DoD uses standards that establish the engineering and technical limitations and applications of items, materials, processes, methods, and engineering practices. Standards are used to ensure maximum uniformity in materials and equipment and to foster interchangeability of parts used in these products. Standards may be separately stated in a description of a need, but frequently they are also included in **military** specifications. Though use of Military specifications and standards remained the rule within DoD, there is increasing emphasis on maximizing the utilization of commercial specifications and standards whenever practicable.

### **Types of Specifications**

DoD uses (1) military specifications covering intrinsically military items; (2) Federal specifications covering items with no special military characteristics; and (3) commercial item descriptions that describe products available commercially.

**Military** specifications are identified by a symbol composed of three parts: (1) the letters "MIL;" (2) a single letter that usually is the first letter of the first word in the title; and (3) a nonsignificant number. Example: **MIL-M-2241**, Microscope, Stage Micrometer. The letters "DoD" replace the "MIL" in new and revised military specifications covering "metric" items as opposed to items described in inch/pound values.

Federal specification numbers are made up of two nonsignificant groups of letters followed by numbers, such as H-R-550, Roller, kit, paint or **GG-C-455**, Clocks, portable, watchman's.

Sometimes a commercial item description will identify one or more brand-name products, followed by the words "or equal." If you offer to supply the named product, your offer will be evaluated in the normal fashion. If, however, you plan to supply an "equal" product, you must furnish information with your offer to support your claim of equality.

Two indexes of the specifications and standards used by DoD are available. The Index of Federal Specifications, Standards, and Commercial Item Descriptions and the Department of

Defense Index of Specifications and Standards are both for sale on a subscription basis by the Government Printing Office.

## **How to Acquire Specifications**

Department of Defense Single Stock Point (DoDSSP) - The **DoDSSP** was created to centralize control and distribution, and provide access to the vast technical information within the collection (over 47,000 document) of military specifications and standards and related information produced or adopted by the DoD. Always under Navy sponsorship, the **DoDSSP** mission was assumed in October 1990 by Navy Publishing and Printing Service.

The **Navy** Publishing and Printing Service in Philadelphia, PA is the DoD central distribution point for all military specifications and standards. The Service electronically stores all specifications and standards and can print them on request and mail copies normally within 3 working days. The brochure A Guide for Private Industry provides detailed information on obtaining these documents. Appendix C includes a copy of DD Form 1425, Specifications and Standards Requisition. **DD** Form 1425 is the preferred means to order specifications and standards. If you are seriously interested in becoming a DoD contractor, you should order in advance and keep on file the general specifications for the items you produce. Currently, the Navy Publishing and Printing **Service** serves over 120,000 customers, including all military services; federal, state, municipal agencies, foreign government, industrial and commercial firms, both national and foreign, and the general public.

Two Methods of Obtaining Documents - Private industry has two ways to obtain standardization documents from the **DoDSSP**: subscription to automatic distribution; or on an ad hoc basis. Automatic distribution provides new and/or revised documents on a “push” basis, whereas ad hoc needs are fulfilled on a “pull” basis in that specific document requests are made by private industry to the **DoDSSP**. The method which is best for you is dependent on your needs. If your needs for Military Specifications and Standards documents are infrequent and limited in size, the ad hoc request method is recommended. For document needs on a recurring basis and broader in scope, the automatic distribution method would be best suited for you. Both methods are further described below.

Ad Hoc Requests - All ad hoc standardization document requests are handled through an automated system called the Navy Publishing on Demand System (**NPODS**). **NPODS** stores most standard documents as images on optical discs. As document requests are received, the appropriate document images are retrieved from optical storage and printed “on demand” by high speed laser output devices, packaged and then shipped. For special documents (such as color or oversized) that cannot be optically stored and are warehouse maintained, **NPODS** retains inventory data for efficient management. **NPODS** generates status letters to customers if an order cannot be completed as requested. **NPODS** retains records of completed orders for customer follow-up for a limited time only. No confirmation of orders received/processed is provided.

TeleSpecs - This automated system is your direct connection to the **NPODS**, eliminating mail delays and putting you in control of the document request process. **TeleSpecs** requires only a touch tone phone, working similar to a bank’s customer account information system. To use

TeleSpecs you first obtain a customer number. If you have placed an ad hoc document request within the past several years, a customer number was assigned and was shown on the shipping invoice. If you have not been assigned a customer number and your request is urgent, you may obtain one from the Special Assistance Desk, (21 5) 697-2667/2179. TeleSpecs also allows you to receive immediate status or follow up on a previous order.

>**Substitute** the numbers “7” and “9” for letters “Q” or “Z” not found on touch phone. Example: to order **MIL Q 9858** input MIL 79858.

>Maximum of 5 document requests per order.

>**Eliminate** all document identifier special characters such as slashes, dashes, periods.

>**Eliminate** document identifier revision level as system always supplies current version. Example: input MIL STD 1840A as MIL STD 1840.

>**On-Line “Help”** is available at any time by pressing #key.

>**If** a document cannot be furnished as requested, TeleSpecs provides on-line status only, i.e., no status letters are provided.

**Mail and FAX Requests** - Requests may also be made or FAX in any form, although we prefer to receive requests on the DoD Specification and Standards order form (DD Form 425) or company letter head. Every order shipped will include a blank copy of the **DD Form 1425**.

All requests should include the following information:

1. Your assigned customer number or your CAGE (Commercial **And Government Entity**) number (formerly **FSCM**). If this is your first order and you do not have a CAGE number, a customer number will be assigned for future orders.

2. Indicate your complete mailing address, including any specific information required to identify and direct the order when received.

3. List each desired specification or standard by document identifier as recorded in the Department of Defense Index of Specifications and Standards (**DoDISS**), e.g., MIL-A, MIL-STD, MS, QPL, etc. Document titles are also helpful.

4. Indicate quantity desired. The maximum quantity issued per item is five (5).

Mail orders to:

DoDSSP  
Standardization Document Order Desk  
700 Robbins Avenue, Bldg. 4D  
Philadelphia, PA 19111-5094

(215) %-2978

Note: Although FAX is available, placing a request through TeleSpecs is recommended as it is the fastest and most accurate procedure.

Turnabout Time - Document requests or status letters produced from mail and FAX requests are usually shipped within 1 to 5 days of request receipt. Because requests placed through TeleSpecs or FAX reach the **DoDSSP** faster, turnaround is less than mailed requests. Orders are shipped from the **DoDSSP** by several different carriers, depending on factors such as weight and destination. Be sure to allow 1 to 2 weeks for shipping.

#### Important Order Information **for all Ad Hoc Requests**

- o Only the specification request will be issued. Documents referenced within a specification must be requested individually.
- 0 All amendments and revisions will be automatically issued with the basic specification.
- 0 When submitting multiple mail requests, place the mailing address on each request form.
- 0 If handwritten requests are to be submitted, please use black or dark blue ink only.
- 0 Slash sheets, such a **MIL-E-1/306** must be individually requested by document number. Slash sheets will not be issued as a set.
- 0 The **DoDSSP** supplies the current version of the document. Superseded or **cancelled** documents must be requested through the procurement contracting officer of the military activity citing the need for the document.
- 0 Do not submit a request for a specification citing national stock number of an item covered by the specification. **DoDSSP** has no method to cross reference a national stock number to the applicable specification number.
- 0 Non-Government/Industry standards stocked at the **DoDSSP** are not available to private industry and must be ordered from the preparing technical societies.
- 0 The **DoDSSP** issues only printed documents. We do not maintain microfiche copies of standardization documents for issue.
- 0 The **DoDSSP** does not maintain a file of Invitations for Bid, Requests for Proposals, contracts, etc., so each individual request must list the document identifier desired.

#### **Automatic Distribution Subsystems Service**

A subscription service is available to private industry providing automatic distribution of new and/or revised unrestricted and unclassified standardization documents. Upon payment of a subscription fee, the subscriber will receive one copy each of any new or vided documents for a one year period after the effective subscription date. (Documents issued prior to the subscription date must be ordered individually using the Ad Hoc request method.)

Subscriptions will be accepted on a Federal Supply Class basis for a single class or for as many individual classed as the subscriber chooses. The cost per class if \$16.00.

A subscription service is available to private industry providing automatic distribution of new **and/or** revised unrestricted and unclassified Data Item Description (DID's). Upon payment of a subscription fee, the subscriber will receive one copy each of any new or revised documents for a one year period after the effective subscription date. (**AMSDL** 5010. 12L lists all active and **cancelled** DID's included with this subscription. ) The AMSDL 5010.12L is issued twice a year with notices as needed. The cost is \$16.00 per year. The Catalog Handbook H2-I lists all Federal Supply Classes according to subject (example: under Group 47, the title of FSC 4710 is "Pipe and Tube"). Copies of this publication can be obtained at no charge from the Subscription Desk.

The procedure for submitting a subscription request is simple:

- 1 Address your request in letter form, to the Subscription Services Desk address.
2. List the desired Federal Supply Class(es) or Area Assignment(s).
3. Enclose a check or money order (do not send cash) payable to NPPSO, Philadelphia **for\$16.00** for each Federal Supply Class desired.

Mail Subscription Requests to:

**DoDSSP**

Standardization Document Order Desk

700 Robbins Avenue, Bldg. 4D

Philadelphia, PA 19111-5094

Phone

(21 5) 697-2569

For further information about or questions concerning subscription services, contact the Subscription Services Desk.

Contractors using the subscription service are not relieved of any responsibilities in complying with military contracts.

Special Assistance Desk - A special assistance desk is available Monday through Friday 7:30 AM to 4:30 PM (Eastern Time) to assist you in matters such as:



- o Inquiries about our services
- o Status of orders previous place
- o Establishing a customer account
- o Sources for documents not at the DoDSSP
- o Special requests such as obtaining a complete set of documents
- o Assistance determine documents identifiers

The Navy Publishing and Printing Service is interested in your comments about the service it provides. The Navy Publishing and Printing Service is also interested in any suggestion you may have which will assist in making future improvements. Comments or suggestions may be communicated to:

Special Assistance Desk  
(21 5) 697-2667/2179

Note: Order not accepted on these lines  
7:30 AM to 4:30 PM  
(Eastern Time)

or write to:

DoDSSP  
Special Assistance Desk  
700 Robbins Avenue, Bldg. 4D  
Philadelphia, PA 19111-5094

## Qualification **Lists**

Some specifications require qualification of the products they describe. This occurs when:

- o The time required to conduct tests will exceed 30 days;
- o Quality conformance inspection would require special equipment not commonly available; or
- o The specification covers life survival or emergency life saving equipment.

The specifications for those products requiring qualifications testing include the requirements for qualification, the qualification tests, and the name of the activity responsible for qualification. Products that are qualified are listed on qualified products lists, qualified manufacturers lists, and qualified bidders lists. When there is a need for a product for which a qualification requirement exists, bids or proposals are usually accepted only from firms on the appropriate list. Normally, it is too late to perform qualification testing after a procurement is announced. Therefore, if you are interested in supplying a product whose specification requires qualification, you should arrange to have your product qualified at the earliest practicable date.

Under certain conditions, the activity establishing the qualification requirement must bear the cost for qualifying the product of a small business concern. Subpart 9.2 of the FAR provides detailed information on qualification procedures.

## **The Federal Supply System**

The Federal Government buys, stocks, and uses over 6 million items. As a prospective supplier, you should know some basics about the system that manages those items.

The catalog of the supply systems assigns National Stock Numbers (NSNs) to each item the Government uses. The NSN is a 13 digit number assigned by the Defense Logistics Service Center (DLSC), Battle Creek, Michigan. The first four digits identifies the Federal Supply Class (FSC (FSC) of the product. The next nine numbers represent the National Item Identification Number (NIIN). The first two numbers of the NIIN identifies the country of origin. The remaining seven digits identifies the specific item. DLSC currently lists over 6 million NSNs. For information on NSNs, telephone customer service, (616) 961-4725; for NATO countries telephone (616) 961-4334.

The FSC system has three major subdivisions, which are dealt with in three different ways. The first major subdivision is R&D. See Part 3 of this handbook for information about contracts for R&D.

All other services - as distinguished from R&D - are coded, in the FSC system, with a code that consists of one letter and three digits. The initial letter serves to group similar services. Table 1 lists these service group identifiers. These groups are subdivided, sometimes into only a few specific codes and sometimes into many. You should know which letter group seems to cover the service you can furnish.

**TABLE 1**  
**FEDERAL SUPPLY CLASSIFICATION GROUPS**  
**(for services other than research and development)**

FSC Group	Description
B	Special studies and analyses - National R&D
c	Architect and engineering services - construction
D	Automatic data processing and telecommunication services
E	Purchase of structures and facilities
F	Natural resources and conservation services
G	Social services
H	Quality control, testing, and inspection services
J	Maintenance, repair, and rebuilding of equipment
K	Modification of equipment
L	Technical representative services
M	Operation of Government-owned facilities
N	Installation of equipment
P	Salvage services
Q	Medical services
R	Professional, administrative, and management support services
s	Utilities and housekeeping services
T	Photographic, mapping, printing, and publication services
u	Education and training services
v	Transportation, travel and relocation services
w	Lease or rental of equipment
x	Lease or rental of facilities
Y	Construction of structures and facilities
z	Maintenance, repair, or alteration of real property

The FSC system is most important to you in connection with DoD acquisitions of supplies and equipment. Here the identification is either by two-digit groups or by four-digit individual codes. Table 2 lists the two-digit groups. The listing of products and services in Part 2 of this handbook is arranged in FSC sequence. Sometimes only the two-digit code is used; this means that, in general, the same major buying offices buy most of the products in the group. In other cases, some or all of the four-digit codes are listed; this means that there are differences in buying patterns. You should know at least the two-digit code, and preferably the four-digit code, covering each of your products.

**TABLE 2**  
**FEDERAL SUPPLY CLASSIFICATION GROUPS**  
**(for supplies and equipment)**

FSC Group	Description
10	Weapons
11	Nuclear ordnance
12	Fire control equipment
13	Ammunition and explosives
14	Guided missiles
15	Aircraft and airframe structural components
16	Aircraft components and accessories
17	<b>Aircraft</b> launching, landing, and ground handling equipment
18	Space vehicles
19	Ships, small craft, pontoons, and floating docks
20	Ship and marine equipment
22	Railway equipment
23	Ground effect vehicles, motor vehicles, trailers, and cycles
24	Tractors
25	Vehicular equipment components
26	Tires and tubes
28	Engines, turbines, and components
29	Engine accessories
30	Mechanical power transmission equipment
31	Bearings
32	Woodworking machinery and equipment
34	Metalworking machinery
35	<b>Service</b> and trade equipment
36	Special industrial machinery
37	Agricultural machinery and equipment
38	Construction, mining, excavating, and highway maintenance equipment
39	Materials handling equipment
40	Rope, cable, chain, and fittings
41	Refrigeration, air conditioning, and air circulating equipment
42	Fire fighting, rescue, and safety equipment
43	Pumps and compressors
44	Furnace, steam plant, and drying equipment; nuclear reactors
45	Plumbing, heating, and sanitation equipment
46	Water purification and sewage treatment equipment
47	Pipe, tubing, hose, and fittings
48	Valves
49	Maintenance and repair shop equipment
51	Hand tools
52	Measuring tools
53	Hardware and abrasives

54	Prefabricated structures and scaffolding
55	Lumber, mill work, plywood, and veneer
56	Construction and building material
58	Communication, detection, and coherent radiation equipment
59	Electrical/electronic equipment components
60	Fiber optics materials, components, assemblies and accessories
61	Electric wire and power distribution equipment
62	Lighting fixtures and lamps
63	Alarm, signal, and security detection systems
65	Medical, dental, and veterinary equipment and supplies
66	Instruments and laboratory equipment
67	Photographic equipment
68	Chemicals and chemical products
69	Training aids and devices
70	General-purpose automatic data processing (ADP) equipment (including firmware), software, supplies, and support equipment
71	Furniture
72	Household and commercial furnishings and appliances
73	Food preparation and serving equipment
74	Office machines, text processing systems and visible record equipment
75	Office supplies and devices
76	Books, maps, and other publications
77	Musical instruments, phonographs, and home type radios
78	Recreation and athletic equipment
79	Cleaning equipment and supplies
80	Brushes, paints, sealers, and adhesives
81	Containers, packaging, and packing supplies
83	Textiles, leather, furs, apparel, and shoe findings, tents and flags
84	Clothing, individual equipment, and insignia
85	Toiletries
87	Agricultural supplies
88	Live animals
89	Subsistence
91	Fuels, lubricants, oils, and waxes
93	Nonmetallic fabricated materials
94	Nonmetallic crude materials
95	Metal bars, sheets, and shapes
96	Ores, minerals, and their primary products
99	Miscellaneous

## Introducing a New Item

The Federal Government, especially DoD, buys many different products. If your firm makes a product, there is a good chance that DoD already buys something like it. If so, the

advice in the following section may help you find a purchaser. You may feel, however, that your product is unique. How then should you proceed?

The Federal catalog system, described above, is based on the idea of one NSN for any one item, and the assignment of each particular class of product to a single manager. To sell your item, you need to get it assigned an NSN. The first step is for you to find out what the Government already buys. You should obtain the specifications (and standards, if applicable) for products similar to yours. Any Government small business specialist can help you review the indexes mentioned above under “Types of Specifications.” You should study the differences between your item and those now in the system. You can then get in touch with the organization that writes specifications for items such as yours. You can try to persuade it to modify the specification so that your product will be acceptable under an existing NSN, or to write a new specification to cover your product. Before doing this, the organization will need to determine the potential need for the product; you may be able to help at this point.

If your new item has been accepted in the commercial marketplace but does not yet have an NSN, you may be able to arrange for it to be put on a New Item Introductory Schedule. The General Services Administration (GSA) uses that process when various Federal agencies might be interested in the new product. GSA’s Business Service Centers are listed in Part 6 of this handbook.

## **SOURCES OF INFORMATION ON DEFENSE PROCUREMENT**

If you want to do business with DoD, you should determine whether there is a DoD market for your products or services. Parts 2, 3, and 4 of this handbook identify the products and services used by DoD and the **offices** that buy them. A review of these parts of the handbook will indicate whether there is a potential market for your products or services within DoD. Note that while DoD purchases products and services to meet specific operational or inventory level requirements, the timing of the purchases depends on the Federal Government’s budget process. In addition to the existence of the potential need and the specific purchase office you may sell to, you need to know when your products or services will be purchased.

### **Small Business Advisors**

Every DoD purchasing office has at least one person called a small business specialist. These specialists can provide information about contracting and subcontracting opportunities with that office and at other DoD purchasing offices. The telephone number provided for each activity listed in this handbook is that of this specialist. In addition, DoD publishes a directory of its small business specialists listing, by name, location, and phone number, every such specialist in DoD.

### **Solicitation Mailing Lists**

Every DoD purchasing activity maintains lists of prospective suppliers that have indicated their desire to sell their products or services to that activity. These solicitation mailing lists (**SMLs**) are the key to obtaining maximum opportunities to compete for DoD requirements. When your name is placed on an SML, most solicitations for that product or service will automatically be

issued to you. When an SML is extremely long, the purchasing activity may use only a **portion** of it for any one solicitation. In such situations, a prorata number of small businesses will be included in the solicitation. If you do not respond, either by an offer or by a request for retention on the list, to each solicitation you receive, your name may be deleted from the SML. Detailed instructions for getting listed in SMLS are provided below, in the section entitled “Making Your Capabilities Known.”

## **Bid Boards**

Every DoD purchasing activity maintains, in a public place, a bulletin board on which is displayed a copy of each solicitation it issues for unclassified actions. If it is impractical to post a copy of the solicitation, the bulletin board notice describes the solicitation and tells where a copy may be examined. The solicitation or notice is posted on the bid board on the date the solicitation is issued and is kept there for 7 calendar days after the offers have been opened.

## **Commerce Business Daily**

Another way to learn of proposed purchases is through the Commerce Business Daily (CBD). This paper, published every working day by the Department of Commerce, lists virtually every proposed DoD procurement estimated to exceed \$25,000. It lists major DoD prime contract awards that have potential subcontracting opportunities. It also contains information about DoD needs for **R&D** efforts in fields in which unsolicited proposals may be appropriate. Each issue of the CBD contains large amounts of information in highly condensed form. Explanatory notes are included only in the Monday edition. It may be advisable to review a copy before subscribing; only you can determine its utility for your particular needs. The CBD is available for inspection at each DoD purchasing and contract administration activity and at all field offices of the SBA, the Department of Commerce, and GSA, as well as some local chambers of commerce and libraries. Subscription information is provided in Appendix A.

## **Small Business Innovation Research Program**

Small high-technology firms should become familiar with DoD’s Small Business Innovation Research (**SBIR**) program. Each year, DoD publishes solicitations describing the R&D needs of DoD to be sought through this program. Small high-technology firms can submit proposals for projects relating to the subject areas identified in the solicitation. Selection criteria are included in each solicitation. For each project, Phase I awards of up to \$100,000 are made to evaluate the scientific and technical merit and feasibility of an idea. Those projects showing the most potential in Phase I can be funded for up to \$750,000 and 2 years to develop the proposed ideas further. Thereafter, private-sector investment or DoD production contracts are expected to bring an innovation to the marketplace.

To help small businesses formulate better technical proposals for the **SBIR** program, the resources of the Defense Technical Information Center (**DTIC**) are available to prospective SBIR contractors. **DTIC** is the central repository within DoD for the interchange of scientific, technical, and managerial research information. **DTIC's** data base includes ongoing and completed research activities in virtually every subject area of science and technology. Summary reports of data on any subject area of the DoD **SBIR** solicitation will be provided on request. Copies of the

actual reports are also available. The address for DTIC is Building 5, Cameron Station, 5010 Duke St., Alexandria, VA 22304-6145.

If you are interested in the SBIR program, you should obtain the SBA Pre-Solicitation Announcement by calling (202) 205-7777. The publication will provide the topics on which research will be sought, together with agency contact points for the program. Ordering information is set forth in Appendix A.

## **PROCUREMENT TECHNICAL ASSISTANCE (PTA) COOPERATIVE AGREEMENT PROGRAM**

The PTA Program is a Congressionally authorized DoD initiative designed to establish a network of assistance **offices** for business entities seeking to market their goods and/or services to federal, state and local governments. The Defense Logistics Agency awards cost sharing cooperative agreements for this purpose. Recipients of these agreements are state and local governments, private nonprofit and tribal organizations and Indian economic enterprises. Recipients provide technical expertise in such areas as identifying bid opportunities through bid matching, bid and proposal preparation, preaward surveys, quality assurance and accounting systems. Business firms interested in marketing their products and/or services to the federal, state and local governments should contact these centers. More information regarding this Program and a current list of cooperative agreement recipients are available from the Program Manager, Small and Disadvantaged Business (**AQAU**), Headquarters, Defense Logistics Agency, Cameron Station, 5010 Duke Street, Building 6, Door 5, Room 170, Alexandria, Virginia 22304, telephone (703) 274-6471.

## **SUBCONTRACTING OPPORTUNITIES**

Subcontracting offers small business firms an important means of participating in DoD purchasing. If your capabilities are such that prime contracts are not within your reach, you may want to consider subcontracting. Some of the most significant factors to consider in deciding whether you want to be a subcontractor to a DoD prime contractor are listed below:

- o Production for DoD is often intricate and exacting. Subcontractors frequently have to work to very close tolerances, under precise specifications, and with tight delivery schedules.
- 0 Subcontractors have no contractual relationship with the Government.
- 0 The prime contractor will need to know as much about your organization and its ability to perform the work as is needed to make the determination of responsibility described previously.

If you are interested in pursuing DoD subcontracting opportunities, there are two major sources of information. One is the CBD, which lists awards of contracts in excess of \$100,000 that provide subcontracting opportunities. The other stems from DoD's small business subcontracting efforts. Large business firms receiving DoD construction contracts in excess of \$1,000,000 or other contracts in excess of \$500,000 offering subcontracting possibilities are



required to establish plans for subcontracting to small and small disadvantaged business. These contractors must designate a small business liaison officer to administer these plans, DoD annually publishes Subcontracting Opportunities with DoD Major Prime Contractors, which lists all these prime contractors, their product lines, and the names and telephone numbers of their small business liaison officers. This directory is a major source of leads to subcontracting opportunities with DoD prime contractors.

## **MAKING YOUR CAPABILITIES KNOWN**

If you find a potential match between DoD's needs and your firm's capabilities, you need to make these capabilities known. The ways to do this vary depending on the nature of your business. The suggestions provided here are in addition to your normal marketing procedures.

### **Getting on Solicitation Mailing Lists (SML)**

The most common way to match your capabilities with the potential DoD market is to have your firm listed on the appropriate SMLS of those activities you hope to contract with for your products or services. To accomplish this, you should get advice from the small business specialists at your selected purchasing activities. Virtually every DoD purchasing activity uses Standard Form 129, Solicitation Mailing List Application. However, this basic document almost always needs to be supplemented by other documents or listings useful only in the individual activity. You must submit a separate application to each activity you hope to sell to. Note that each activity may have slightly different instructions for this information. To ensure that your capabilities will be made known at each purchasing activity, be sure you follow the specific procedures and suggestions of that activity.

The small business specialist at any activity will furnish the forms free and will help you with their preparation. Purchasing activities identify source lists by means of the FSCs. This means you should know the FSC codes applicable to your products and services and enter them on your SML applications. Note that Part 2 of this handbook identifies the FSCS for products purchased by major **military** purchasing offices.

You will expedite the processing of your SML application if you also complete and submit a DD Form 2051, Request for Assignment of a Commercial and Government Entity (CAGE) Code. The CAGE code is a five position alpha numeric identifier assigned by the Defense Logistics Services Center, Battle Creek, Michigan. The code identifies the contractor plant or establishment as a unique entity. CAGE numbers are used by many purchasing activities to identify the firms with which they do business. This form is available also from the small business specialist at each DoD activity. A copy of DD Form 2051 is contained in Appendix C of this publication on pages C- and C-.

### **Research and Development Brochures**

If you are interested mainly in obtaining R&D contracts, you should consider preparing an R&D brochure covering your organization and its capabilities. Obtaining an R&D contract requires a selling job to the technical personnel of the appropriate DoD purchasing activity. Experienced firms report that a well-thought-out brochure quickly establishes their basic

qualifications and field of endeavor. At a minimum, an R&D brochure should identify work you have done or are doing, the type of work for which you are specially qualified, and the names and qualifications of key scientific and primary technical personnel on your staff or available to you, and should describe your facilities and equipment. Note any Government prime or subcontract work you may have done, together with any DoD or other Government agency security clearance you may have. When you contact a DoD purchasing office, you should present your brochure to both the contracting and the technical personnel.

## **Unsolicited Proposals**

Sometimes you can create your own contracting opportunities by submitting unsolicited proposals to perform R&D work or to introduce a new or improved item that may be of interest to DoD. You can learn about DoD R&D needs from advance notices in the CBD. Informal contacts with agency personnel are also a good means of obtaining this information. To be considered, an unsolicited proposal must offer a unique and innovative concept to the Government. Your proposal should contain an abstract of the proposed effort, the method of approach, and the extent of the effort. It should also include a proposed price or estimated cost. If it includes any **proprietary** data you wish to protect against disclosure to third parties, you should clearly mark such data with a restrictive legend. Part 3 of this handbook provides detailed guidance for preparation of unsolicited proposals.

## **Special Procedures for Architect-Engineer Firms**

Architect-engineer (A&E) services are contracted for under a special procedure established by law. It does not involve submission of bids, and SMLS are not maintained for A&E services. The selection of A&E firms for DoD contracts is based upon the professional qualifications necessary for satisfactory performance of the services required.

Selection is subject to the following criteria:

- o Professional qualifications necessary for satisfactory performance of required services.
- o Specialized experience and technical competence in the type of work required,
- o Capability to accomplish the work in the required time
- o Past performance on contracts (Government or commercial) in terms of cost control, quality of work, and compliance with **performance** schedules.
- o Location of the firm in the general geographical area of the project and knowledge of the locality of the project.
- o Volume of work previously awarded by DoD to the firm (the object is to effect equitable distribution of work among qualified A&E firms).

Firms wishing to be considered for A&E contracts should send their qualifications to the activities responsible for the geographic area(s) in which the firm desires to work. These qualifications must be submitted by filing Standard Form 254, Architect-Engineer and Related Services Questionnaire, with the selected activities. In response to a specific project announcement, interested firms should submit Standard Form 255, Architect-Engineer and Related Services Questionnaire for Specific Project. A copy of each of these forms is included in Appendix C. Additional forms may be obtained from any military or other Federal Government construction office.

All requirements for A&E **services** are publicly announced. When a contract is not expected to exceed \$10,000, an agency evaluation board or the chairperson of such a board will review the current data files on eligible firms (i.e., Standard Forms 254, Architect-Engineer and Related Services Questionnaire, and 255, Architect-Engineer and Related Services Questionnaire for Special Project, and performance reports) and evaluate those firms in accordance with the above criteria. A designated individual in the agency reviews this evaluation and establishes a listing, in order of preference, of at least three firms considered most highly qualified to perform the work. This list of “selected firms” is then provided to the contracting officer, who obtains a proposal from and negotiates with the most preferred firm. If a mutually satisfactory contract cannot be negotiated, the contracting **officer** so notifies that firm and proceeds to the next most preferred firm. For contracts expected to exceed \$10,000, the agency’s evaluation board must hold discussions with at least three of the most highly qualified firms regarding concepts and the relative utility of alternative methods of furnishing the required services.

Contracts estimated to cost under \$85,000 are generally reserved for small business firms.

For more detailed information on A&E procedures, see Subpart 36.6 of the FAR.

## **Local Purchases**

Virtually all military installations are authorized to make local purchases and to contract for various services. Typically, local purchases are made under the following conditions:

- o The purchase is small, usually \$25,000 or less.
- o The items to be purchased are not centrally procured or stocked.
- o The items are to be consumed locally,
- o The products or services are required for maintenance and repair of buildings of the installation or for equipment stored at the installation.

Examples of products and services purchased locally are office supplies, automotive spare parts, tools and equipment, some perishable food items for troop meals, laundry and dry cleaning, refuse collection, job-lot printing, and repair and maintenance.

For the most part, local purchases are made from sources near the purchasing installation. While proposed local purchases in excess of \$25,000 will be published in the CBD, most of those for lesser amounts will not. The marketing strategy for firms whose products and services correspond to the typical local purchase situation should be directed toward the requirements of military installations within their geographic area.

## **Electronic Commerce (EC) and Electronic Data Interchange (EDI)**

**Background** - The DoD is rapidly moving to an electronic environment in the conduct of business transactions with private industry. By 1996, the bulk of DoD business transactions associated with procurement and contract administration will be electronically integrated. Business firms, both large and small, interested in doing business with the DoD will need to make appropriate adjustments to maintain a sound business relationship with the DoD.

**EC & EDI** - Consider EC as the conduct of business transactions (including the supporting functions of administration, finance, logistics, procurement, and transportation) between the DoD and private industry, using an integrated automated information environment. Consider EDI as the computer-to-computer exchange of routine business information using standard electronic formats. Translation software aids in that exchange by converting data extracted from your application data base into a standard EDI format for transmission to one or more trading partners. It also converts **EDI-formatted** data received from those trading partners into a file format your application system recognizes. Ultimately, the data is processed and written to your data base.

**Benefits of Using EC/EDI** - EC/EDI uses technology resources readily available commercially. Some firms currently possess the necessary technology and, accordingly, will not need to invest in capital resources. The generally acknowledged benefits of using **EC/EDI** are: improved business opportunities; improved record-keeping, fewer mistakes, reduced processing delays, less reliance on human interpretation of data; greater competition and reduced prices; reduced order time; savings from reduced inventories, elimination of lost documents; and better information for management decision-making.

**Electronic Commerce Information Center (ECIC)** - The ECIC was formally established in November 1994 to provide all necessary information to current and potential contractors and governmental activities on how to conduct business electronically with the DoD and other federal agencies. The ECIC can be reached by phone from 8AM to 8PM EST at 1-800-EDI-3414 or (703)681 -0211, by facsimile at (703)681-0349, or by mail at the following address: Electronic Commerce Program Office, 5111 Leesburg Pike, Suite 9104, ATTN: **EC/EDI** Information Center, Falls Church, Virginia 22041. The E-Mail address is **dodedi@acq.osd.roil**.